

Combined Code of Corporate Governance and Conduct

(Amended version as approved by the Board of Directors of the Company on November 2, 2019)

1. INTRODUCTION

- 1.1 The Company proposes to be in sync with international standards of Corporate Governance in line with the needs of the dynamic market. It has always been the endeavor of the Company to exceed and excel through better Corporate Governance, fair & transparent practices, many of which have been in place even before they were mandated by the law and the regulatory bodies such as SEBI.
- 1.2 Today, the term 'Corporate Governance' besides being a buzzword of the decade has almost become an accepted, known phenomenon. Most of the countries especially the developed one have come out with various statutes and regulations providing a definition and a framework for the Corporate Governance especially after the collapse of some of the big industrial empires in the developed parts of the world. However, it is still difficult to provide a uniform definition that would encompass all the facets that the term represents and in absence of the same, most of the companies end up complying the statutory requirements rather than practicing the Corporate Governance in its true spirit for the improved performance and risk management.
- 1.3 Accordingly, it is endeavored here to evolve a 'Governance Code' based on the principles of Good Corporate Governance and best management practices being followed globally besides complying the needs of law of land.
- 1.4 The Combined Code of the Company is based on the following fundamental principles:
 - a. Lay solid foundations for management.
 - b. Structure the Board to add value.
 - c. Promote ethical and responsible decision-making.
 - d. Safeguard integrity in financial reporting.
 - e. Make timely and balanced disclosures.
 - f. Recognize and manage business risks.
 - g. Respect the rights of the shareholders.
 - h. Encourage enhanced performance.
 - i. Remunerate fairly and responsibly.
 - j. Recognize the legitimate interest of the stakeholders.
 - k. Legal and Statutory compliances in letter and spirit.
- 1.5 Based on the principles as enumerated above, the examination & the in-depth study of some of the best management practices being followed globally and of course the laws & regulations of the country, the Company proposes a 'Combined Code of Corporate Governance and Conduct' which encompasses both structure and the processes.

2. INTERPRETATION

- 2.1 'Board' shall mean the Board of Directors of the Company.
- 2.2 'Chief Compliance Officer' shall mean any person responsible for all statutory and legal compliances of the Company and who shall be the Chief Risk Officer/ President-Risk/Managing Director/ Whole-time Director of the Company.
- 2.3 'Chief Financial Officer' shall mean any person responsible for managing all funds, reviewing the financial statements, accounts, cost records, establishing & maintaining internal controls & internal control systems for the purpose of financial reporting and shall also be responsible for compliance to all Accounting Standards as applicable to the Company and all other legal & statutory compliances pertaining to finance, costing, foreign exchange, accounts, treasury and taxation of the Company and shall perform such other functions as may be required by any statute to be performed by a Chief Financial Officer subject to direction and supervision of the Board and who shall be professionally qualified.
- 2.4 'Chief Operating Officer' shall mean an employee who has been entrusted responsibility of managing any one or more of Units/Divisions of the Company and shall ensure that the activities in respect of said units/ divisions of the Company are in compliance with all Industrial, Labour, Environment and other applicable Laws, Rules and Regulations in force for the time being and shall be responsible for all other legal & statutory compliances under various laws in respect of such units/ divisions of the Company.
- 2.5 'Company' shall mean Trident Limited.
- 2.6 'Compliance Officer' shall mean any person responsible for all statutory and legal compliances of the Company under Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and compliances of SEBI, MCA and ROC besides providing services to the shareholders and who shall be the Company Secretary/Deputy Company Secretary of the Company and a member of the Institute of Company Secretaries of India.
- 2.7 'Corporate Advisory Board' means the Advisory board constituted by specified investor in terms of Articles of Association of the Company.
- 2.8 'Director' means the Directors appointed to the Board of the Company.
- 2.9 'Executive Director' shall mean and include Company's Managing Director, Wholetime Director, Functional Directors, and such other Directors as are in full time employment of the Company.
- 2.10 'Financially Literate' means the ability to read and understand basic financial statements i.e. balance sheet, statement of profit and loss, and statement of cash flows.
- 2.11 'Financial Management Expertise' shall mean a member will be considered to have accounting or related financial management expertise if he or she possesses experience in finance or accounting, or requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a Chief Executive officer, Chief financial officer, or other senior officer with financial oversight responsibilities.

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- 2.12 'Independent Director' shall mean non-executive director other than a nominee director of the company:
- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the Company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
(iii) who is not related to Chairman, Managing Director, Wholetime Director, CEO, CFO or Secretary and to any person in the management at one level below the Board.
(iv) Being an Independent Director, he should possess the appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
 - c. who have or had no material pecuniary relationship, other than remuneration as director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - d. none of whose relatives –
 - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
 - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
 - (iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
or
 - (iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
 - (v) has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year.

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- e. who, neither himself nor any of his relatives —
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
 - f. Neither that person nor any of his relatives should be a material supplier, service provider or customer or a lessor or lessee of the company;
 - g. who is not serving in any executive or independent position in any company which is in direct competition with Trident Limited or which deals in the same line of business; and
 - h. who is not less than 21 years of age.
 - i. who is not a non-independent director of another company on the board of which any non-independent director of Trident Limited is an independent director.
- 2.13 'Manager' means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of the company and includes a Director or any other person occupying the position of Manager, by whatever name called and whether under a contract of service or not.
- 2.14 'Managing Director' means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.
- 2.15 "Whole-time Director" includes a director in the whole-time employment of the company.
- 2.16 'Non-Executive Director' shall mean and include those members on board who are not in whole time employment of the Company.
- 2.17 'Senior Management' shall mean personnel of the company who are members of management/operating council (i.e. core management team excluding Board of Directors).

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Comprising all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and would also include company secretary and chief financial officer..

2.18 'The Code' means this Combined Code of Corporate Governance and Conduct.

3. APPLICABILITY

This Code shall be applicable to the Company and the following persons (hereinafter referred to as 'the Officers'):

- a. All Directors including Executive Directors, Non Executive Directors, Independent Directors & Nominee Directors of the Company and its subsidiaries;
- b. The Manager;
- c. The Chief Operating Officer;
- d. The Chief Financial Officer;
- e. The Chief Compliance Officer;
- f. All members of Corporate Advisory Board;
- g. All members of senior management and all the members of various Committees constituted by the Board including special invitees, if any.

4. STRUCTURE OF THE BOARD

4.1 The role of the Board

- The Board is collectively responsible for prompting the success of the Company by directing and supervising the company's affairs.
- The Board's role is to provide entrepreneurial leadership within a framework of prudent and effective controls, which enable risk to be assessed and managed.
- The Board should set the company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance.
- The Board should set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
- The Board shall be accountable to shareholders and to align the interest of the Company with those of the shareholders as a whole.

4.2 Well defined Directors' role

- All Directors shall take decisions objectively in the interests of the Company.
- **Chairman:** To play a 'pivotal' role in creating the conditions for overall board and individual non-executive directors' effectiveness besides arranging the regular evaluation of the individual and collective performance of the Board.
- **Executive Directors:** The role of the Executive Directors shall be as set out by the Companies Act, 2013 and/or specifically assigned by the Board or as set out in the Contract

of service.

- **Non-Executive Directors:** To constructively challenge and contribute to the development of the strategy of the Company, scrutinize the performance of the management in meeting agreed goals, and ensure the integrity of financial information, the effectiveness of financial controls and systems of risk management.
- **Independent Director:** shall periodically review legal compliance reports prepared by the Company as well as steps taken by the Company to cure any taint. In the event of any proceedings against an Independent Director in connection with the affairs of the Company, defence shall not be permitted on the ground that the Independent Director was unaware of this responsibility.

4.3 Board Size and Composition

- Over a period of time and specially in last few years, the researches have established that there exists an inverse relationship between the Board Size and the firm value and accordingly, the downsizing of the Board is the latest trend set in the corporate world of developed countries like USA, France and Japan.
- The principle of downsizing seems more relevant in Indian context where family representation is usually high and independence of the Board is not respected.
- Generally, the benefits of increasing the monitoring by more numbers at the Board are outweighed by the conflicts in decision-making.
- Based on the various studies, international trends & the basic objective of separating the function of management from the principal shareholders and maintaining the independence of the Board, it is proposed:
 - The Board of Directors of the Company shall comprise of six Directors and shall consist of Executive and Non Executive Directors.
 - Chairman of the Board shall be a Non Executive Director.
 - Dominance of Non Executive and independent Directors who are management specialists with core competence to perform the management functions.
 - Minimize use of nominee & family Directors.
 - Eligibility of Non Executive Director only in case his term of office does not exceed ten continuous years.
 - Appointment of the Directors shall be made on merit and care shall be taken to ensure that appointees have enough time available to contribute in the Board.
 - All Directors except independent directors to retire annually in the Annual General Meeting and shall be eligible for re-appointment.
 - Non Executive Directors shall not be relatives of an Executive Director or independent Directors. They are not expected to serve in any executive or independent position in any company which is in direct competition with the Company or which deals in same line of business.

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4.4 Duties of Directors

The Director(s) shall:

- act in accordance with the articles of the company.
- act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- not involve in a situation in which may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- not assign his office and any assignment so made shall be void.

4.5 Duties of Independent Directors

The Independent Director(s) shall:

- undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- strive to attend the general meetings of the company;
- where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- keep themselves well informed about the company and the external environment in which it operates;
- not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;

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- ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- not disclose confidential information including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

4.6 Committees of the Board

The Board may, for efficient & quick decision making, delegate its various powers to Committees of the Board from time to time as it may consider necessary.

4.7 Separation of management function from the ownership

- a) Professionalization of the Board with the induction of management specialists having core competence:
 - Fair representation to specific areas such as Marketing, International Business, Finance and Technology, etc.
 - Persons of eminence to be appointed on the Board.
- b) Appointment of Managing Director/Wholetime Director/ Manager, Chief Financial Officer (CFO), Chief Operating Officers (COO) and Chief Compliance Officer (CCO) and Compliance Officer(s) (CO)
 - Appointment of Managing Director/Wholetime Director/ Manager who will act as a Manager as defined under the Companies Act, 2013. He shall lead the management team of the Company and will be a permanent invitee in all the Board Meetings.
 - Appointment of CFO who will be responsible for managing all funds, reviewing the financial statements, and establishing and maintaining internal controls.
 - Appointment of COOs who will be responsible for managing units/ divisions under their charge and ensuring compliance of all applicable statutory & legal compliances of said units/ divisions.
 - Appointment of CCO who will be responsible for all statutory and legal compliances of the Company
 - Appointment of CO who will be responsible for all statutory and legal compliances of the Company under Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and compliances of SEBI, MCA and ROC besides providing services to the shareholders.

5. PROCESSES

5.1 Board Performance Reviews

The performance of the Board will be reviewed Annually based on Economic Value Addition (EVA) and Balanced Scorecard Approach (BSA).

The performance evaluation of all Directors should be done by the Nomination and Remuneration Committee comprising of three Directors but excluding the Director being evaluated; and such Committee evaluation should be the mechanism to determine and recommend to the Board & the shareholders as whether to extend/continue the terms of appointment of Directors.

5.2 Remuneration of Directors

- **Executive Directors**

All compensation paid to Executive Directors, shall be reviewed and recommended by the Nomination and Remuneration Committee to the Board/ shareholders of the Company as required under law.

- **Non-Executive Directors**

All compensation paid to Non-Executive Directors, including Independent Directors, shall be reviewed and recommended by the Nomination and Remuneration Committee to the Board/shareholders of the Company as required under law. Limits shall be set for the maximum number of stock options that can be granted to Non-Executive Directors in any financial year and in the aggregate. The stock options granted to the Non-Executive Directors shall vest after a period of at least one year from the date such Non-Executive Directors have retired from the Board of the Company. However, Independent Directors shall not be entitled to any stock option.

All Directors shall be required to disclose their stock holding (both own or held by/for other persons on a beneficial basis) in the Company prior to their appointment and as on March 31 every year.

5.3 Board Procedure

- The Board shall hold meetings at least four times a year, with a maximum time gap of one hundred and twenty days between any two consecutive meetings. The minimum information to be made available to the Board is as under:
 - Annual operating plans and budgets and any updates.
 - Capital budgets and any updates.
 - Quarterly results for the Company & its operating divisions or business segments.
 - Minutes of meetings of audit committee and other committees of the board.
 - The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
 - Show cause, demand, prosecution notices and penalty notices which are materially important

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- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
 - Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
 - Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
 - Details of any joint venture or collaboration agreement.
 - Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
 - Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
 - Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
 - Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
 - Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
 - Any other information as may require board's deliberation or may be required by law to be placed before the Board.
- A director shall not serve as an Independent Director in more than seven (7) listed companies. Further, a director who is serving as a whole time director in a listed company shall not serve as independent director in more than three (3) listed companies.
 - A Director shall not be a member in more than 10 Committees or act as Chairman of more than five committees across all companies in which he is a Director. Furthermore it should be a mandatory annual requirement for every Director to inform the Company about the committee positions he occupies in other companies and notify changes as and when they take place.
 - The Chairman shall ensure that new Directors receive a full, formal and tailored induction on joining the Board. As part of this, the Company should offer to major shareholders the opportunity to meet a new Non- Executive Director.
 - There will be a clear division of responsibilities at the head of the Company between the running of the Board and the Executive responsibility for the running of the Company's business.
 - All Directors except Independent Directors shall retire annually in the Annual General Meeting and shall be eligible for re-appointment.
 - All Directors especially Non-Executive Directors, shall have access to Independent professional advice at the cost of the Company for any matter relating the affairs of the

Company.

5.4 Audit Committee Procedure

Powers of the Audit Committee

The Audit Committee shall have the following powers;

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice;
- to secure attendance of outsiders with relevant expertise, if it considers necessary.
- The recommendations of the Audit Committee on any matter relating to financial management including the audit report, shall be binding on the Board. If the Board does not accept any recommendations of the Audit committee, it shall record the reasons therefore and communicate such reasons to shareholders.

Role of the Audit Committee

The role of the Audit Committee shall include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment and removal of auditor(s), fixation of audit fee and also approval for payment for any other services;
- Reviewing with management the annual financial statements and auditor's report/Limited Review report thereon before submission to the Board, focusing primarily on:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - Any changes in accounting policies and practices and reasons thereof
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report,
 - Significant adjustments arising out of audit,
 - The going concern assumption,
 - Compliance with accounting standards,
 - Compliance with stock exchange and legal requirements concerning financial statements,
 - Any related party transactions.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

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- Discussion with internal auditors any significant findings & follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences on the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial controls and risk management systems.
- Reviewing the functioning of the Whistle Blower Mechanism.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing/ approving the unaudited Quarterly Financial results and publish the same as required in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the Candidate.
- Discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and ensuring compliance of internal control systems.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Shall have authority to investigate into any matters as specified in section 177 of the Companies Act, 2013 and/or Part C of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any matter referred to it by Board and for this purpose, shall have full access to information contained in records of the Company and external professional advice, if necessary.

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- To review all transactions that may be entered into with any person otherwise than on arm's length basis
- To review the policy on materiality of related party transactions and also on dealing with Related Party Transactions from time to time.
- Such other functions as may be entrusted by the Board from time to time.

Vigil Mechanism and Whistle Blower Policy

- Personnel who observe an unethical or improper practice (not necessarily a violation of law) shall be able to approach the Audit Committee without necessarily informing their supervisors.
- The Company shall take measures to ensure that this right of access is communicated to all employees through means of internal circulars, etc. The employment and other personnel policies of the Company shall contain provisions protecting "whistle blowers" from unfair termination and other unfair prejudicial employment practices.
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

5.5 Postal Ballots

The shareholders who are unable to attend the meetings, would be enable to vote by postal ballot for key decisions. Some of the critical matters, which should be decided by postal ballot, are given below:

- alteration of the objects clause of the memorandum and in the case of the company in existence immediately before the commencement of the Act, alteration of the main objects of the memorandum;
- alteration of articles of association in relation to insertion or removal of provisions which, under sub-section (68) of section 2, are required to be included in the articles of a company in order to constitute it a private company;
- change in place of registered office outside the local limits of any city, town or village as specified in sub-section (5) of section 12;
- change in objects for which a company has raised money from public through prospectus and still has any unutilized amount out of the money so raised under sub-section (8) of section 13;
- issue of shares with differential rights as to voting or dividend or otherwise under subclause (ii) of clause (a) of section 43;
- variation in the rights attached to a class of shares or debentures or other securities as specified under section 48;
- buy-back of shares by a company under sub-section (1) of section 68;
- election of a director under section 151 of the Act;
- sale of the whole or substantially the whole of an undertaking of a company as specified under sub-clause (a) of sub-section (1) of section 180;

- giving loans or extending guarantee or providing security in excess of the limit specified under sub-section (3) of section 186.

5.6 Disclosures

Subsidiary Companies

- At least one Independent Director on the Board of Directors of the Company shall be a Director on the Board of Directors of the material non-listed Indian subsidiary Company.
- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the listed holding company. The management should periodically bring to the attention of the Board of Directors of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company
- The Board's report of the Company shall include such particulars about subsidiary company as are required to be included by Companies Act, 2013/Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendments thereto.

Disclosures to the Audit Committee

- When money is raised through an issue (public issue, rights issue, preferential issues etc.) the Management shall disclose to the Audit Committee, the uses/applications of funds by major category (capital expenditure, sales and marketing, working capital, etc), on a quarterly basis as a part of their quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and place it before Audit Committee. Such disclosure shall be made till such time the full money raised through the issue has been fully spent. Where the company has appointed a monitoring agency to monitor the utilisation of proceeds of a public or rights issue, it shall place before the Audit Committee the monitoring report of such agency, upon receipt, without any delay. This statement shall be certified by the Independent auditors of the Company. The audit committee shall make appropriate recommendations to the Board to take up steps in this matter.

Disclosures to the Board

- Senior Management shall make disclosures to the Board relating to all material financial and commercial transactions, where they have personal interest, that may have a potential conflict with the interest of the Company at large (for e.g. dealing in Company shares, commercial dealings with bodies, which have shareholding of management and their relatives etc.)

Auditor's report

The Management shall provide a clear description in plain English of each material contingent liability and its risks, which shall be accompanied by the auditor's clearly worded comments

on the management's view. This section shall be highlighted in the significant accounting policies and notes on accounts, as well as, in the auditor's report, where necessary.

Management Discussion and Analysis Report

As part of the Directors' report or as an addition thereto, a Management Discussion and Analysis report should form part of the Annual Report to the shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the Company's competitive position:

- Industry structure and developments.
- Opportunities and Threats.
- Segment-wise or product-wise performance.
- Outlook
- Risks and concerns.
- Internal control systems and their adequacy.
- Discussion on financial performance with respect to operational performance.
- Material developments in Human Resources/Industrial Relations front, including number of people employed.
- Any other information as may be required as per the laws of land.

Disclosures in the Annual report

The following disclosures on the remuneration of Directors shall be made in the section on the corporate governance of the Annual Report:

- All pecuniary relationship or transactions of the Non-Executive Director's vis-à-vis the Company.
- All elements of remuneration package of all the Directors i.e. salary, benefits, bonuses, stock options, pension etc.
- Details of fixed component and performance linked incentives, along with the performance criteria.
- Service contracts, notice period, severance fees.
- Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable.
- Number of shares and convertible instruments held by non executive directors

Disclosure to Shareholders

- In case of the appointment of a new Director or reappointment of a Director the Company shall provide the shareholders with the following information:
 - A brief resume of the Director;
 - Nature of his expertise in specific functional areas;

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- Names of companies in which the person also holds the Directorship and the membership of Committees of the Board;
 - Relationship between directors inter se; and
 - Shareholding of Non executive Directors
- The Company shall provide on its website or send in such a form so as to enable the stock exchange on which the Company is listed to put it on its own web-site, information like quarterly results & presentation made by companies to analysts.

Report on Corporate Governance

The following disclosures shall be made in the section on the corporate governance of the annual report.

- (1) A brief statement on listed entity's philosophy on code of governance.
- (2) Board of directors:
 - (a) composition and category of directors (e.g. promoter, executive, non-executive, independent non-executive, nominee director - institution represented and whether as lender or as equity investor);
 - (b) attendance of each director at the meeting of the board of directors and the last annual general meeting;
 - (c) number of other board of directors or committees in which a directors is a member or chairperson;
 - (d) number of meetings of the board of directors held and dates on which held;
 - (e) disclosure of relationships between directors inter-se;
 - (f) number of shares and convertible instruments held by nonexecutive directors;
 - (g) web link where details of familiarisation programmes imparted to independent directors is disclosed.
- (3) Audit committee:
 - (a) brief description of terms of reference;
 - (b) composition, name of members and chairperson;
 - (c) meetings and attendance during the year.
- (4) Nomination and Remuneration Committee:
 - (a) brief description of terms of reference;
 - (b) composition, name of members and chairperson;
 - (c) meeting and attendance during the year;
 - (d) performance evaluation criteria for independent directors.

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- (5) Remuneration of Directors:
 - (a) all pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity shall be disclosed in the annual report;
 - (b) criteria of making payments to non-executive directors. alternatively, this may be disseminated on the listed entity's website and reference drawn thereto in the annual report;
 - (c) disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013, the following disclosures shall be made:
 - (i) all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;
 - (ii) details of fixed component and performance linked incentives, along with the performance criteria;
 - (iii) service contracts, notice period, severance fees;
 - (iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.
- (6) Stakeholders' grievance committee:
 - (a) name of non-executive director heading the committee;
 - (b) name and designation of compliance officer;
 - (c) number of shareholders' complaints received so far;
 - (d) number not solved to the satisfaction of shareholders;
 - (e) number of pending complaints.
- (7) General body meetings:
 - (a) location and time, where last three annual general meetings held;
 - (b) whether any special resolutions passed in the previous three annual general meetings;
 - (c) whether any special resolution passed last year through postal ballot – details of voting pattern;
 - (d) person who conducted the postal ballot exercise;
 - (e) whether any special resolution is proposed to be conducted through postal ballot;
 - (f) procedure for postal ballot.
- (8) Means of communication:
 - (a) quarterly results;
 - (b) newspapers wherein results normally published;
 - (c) any website, where displayed;

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- (d) whether it also displays official news releases; and
 - (e) presentations made to institutional investors or to the analysts.
- (9) General shareholder information:
- (a) annual general meeting - date, time and venue;
 - (b) financial year;
 - (c) dividend payment date;
 - (d) the name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);
 - (e) stock code;
 - (f) market price data- high, low during each month in last financial year;
 - (g) performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc;
 - (h) in case the securities are suspended from trading, the directors report shall explain the reason thereof;
 - (i) registrar to an issue and share transfer agents;
 - (j) share transfer system;
 - (k) distribution of shareholding;
 - (l) dematerialization of shares and liquidity;
 - (m) outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity;
 - (n) commodity price risk or foreign exchange risk and hedging activities;
 - (o) plant locations;
 - (p) address for correspondence.
- (10) Other Disclosures:
- (a) disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large;
 - (b) details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;
 - (c) details of establishment of vigil mechanism, whistle blower policy, and affirmation that no personnel has been denied access to the audit committee;
 - (d) details of compliance with mandatory requirements and adoption of the non-mandatory requirements;

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- (e) web link where policy for determining 'material' subsidiaries is disclosed;
- (f) web link where policy on dealing with related party transactions;
- (g) disclosure of commodity price risks and commodity hedging activities.

In addition to above, the Corporate Governance report shall disclose the extent to which the discretionary requirements have been adopted.

6 CODE OF CONDUCT

The Company and its Officers which inter alia includes the Board of Directors and the management officials especially the senior management shall strictly follow the Code of Conduct as enumerated hereunder:

- **National interest**

The Company and its Officers shall be committed in all its actions to benefit the economic development of the countries in which it operates. It shall not engage in any activity that would adversely affect such an objective. It shall not undertake any project or activity to the detriment of the nation's interests, or those that will have any adverse impact on the social and cultural life patterns of its citizens. The Company and its Officers shall conduct its business affairs in accordance with the economic, development and foreign policies, objectives and priorities of the nation's government, and shall strive to make a positive contribution to the achievement of such goals at the international, national and regional level, as appropriate.

- **Financial reporting and records**

The Company and its Officers shall prepare and maintain accounts of the Company's business affairs fairly & accurately in accordance with the accounting & financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations of the country in which the Company conducts its business affairs.

Internal accounting and audit procedures shall fairly and accurately reflect all of the Company's business transactions and disposition of assets. All required information shall be accessible to Company auditors and other authorized parties and government agencies. There shall be no willful omissions of any Company transactions from the books and records, no advance income recognition, and no hidden bank account & funds.

Any willful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as a violation of this code, apart from inviting appropriate civil or criminal action under the relevant laws.

- **Competition**

The Company and its Officers shall fully strive for the establishment and support of a competitive, open market economy in India and abroad and shall cooperate in the efforts to promote the progressive and judicious liberalization of trade and investment by a country. Specifically, The Company shall not engage in activities, which generate or support the formation of monopolies, dominant market positions, cartels and similar unfair trade practices.

The Company and its Officers shall market the products and services of the Company on its own merits and shall not make unfair and misleading statements about competitors' products and services. Any collection of competitive information shall be made only in the normal course of

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business and shall be obtained only through legally permitted sources and means.

- **Equal-opportunities employer**

The Company and its Officers shall provide equal opportunities to all its employees and all qualified applicants for employment, without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality, disability and veteran status. Employees of the Company shall be treated with respect & dignity and in accordance with the Company policy to maintain a work environment free of sexual harassment, whether physical, verbal or psychological.

Employee policies and practices shall be administered in a manner that ensures that in all matters equal opportunity is provided to those eligible and the decisions are merit-based.

- **Voluntary Labour**

The Company and its Officers will not use forced labour in any form nor shall engage in or support trafficking in human beings. The Company shall employ people of age 18 years or more only after verifying the age. The Company respects the right of employees to organize in labor unions and collectively bargain in accordance with local laws and established practices and will not subject any employee to discrimination on the basis of his/her being a part of any labour union.

- **Hours of Work/ Compensation**

The Company and its Officers will not require any employee to work for more than maximum permitted number of work hours per week and employees shall be given weekly offs/ leaves/ holidays as per applicable law. Employees shall be paid atleast the minimum wage required by law. In addition to the compensation for regular hours of work, the employees will be remunerated for the overtime hours as per applicable rate.

- **Gifts and donations**

The Company and its Officers or employees shall neither receive nor offer or make, directly or indirectly, any illegal payments, remuneration, gifts, donations or comparable benefits which are intended to or perceived to obtain business or uncompetitive favours for the conduct of its business. However, the Company and its employees may accept and offer nominal gifts, which are customarily given and are of a commemorative nature, for special events provided the same shall be disclosed appropriately to the management.

- **Government agencies**

The Company and its Officers or employees shall not offer or give any Company funds or property as donation to any government agencies or their representatives, directly or through intermediaries, in order to obtain any favourable performance of official duties.

- **Political non-alignment**

The Company and its Officers shall be committed to and support a functioning democratic constitution and system with a transparent and fair electoral system in India. The Company and its Officers shall not support, directly or indirectly, any specific political party or candidate for political office. The Company shall not offer or give any company funds or property as donations, directly or indirectly, to any specific political party, candidate or campaign.

- **Health, safety and environment**

The Company and its Officers shall strive to provide a safe and healthy working environment and

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comply, in the conduct of the business affairs of the Company, with all regulations regarding the preservation of the environment of the territory it operates in. The Company and its Officers shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.

- **Quality of products and services**

The Company and its Officers shall be committed to supply goods and services of the highest quality standards, backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction. The quality standards of the Company's goods and services should at least meet the required national standards, and the Company should endeavour to achieve international standards.

- **Corporate citizenship**

The Company shall be committed to be a good corporate citizen, not only in compliance with all relevant laws and regulations, but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates, with the objective of making them self-reliant.

Such social responsibility would comprise, to initiate and support community initiatives in the field of community health and family welfare, water management, vocational training, education and literacy and encourage application of modern scientific and managerial techniques and expertise. This will be reviewed periodically in consonance with national and regional priorities.

The Company would also not treat these activities as optional ones, but would strive to incorporate them as integral part of its business plan. The Company would also encourage volunteering amongst its employees and help them to work in the communities. The Company is encouraged to develop social accounting systems and to carry out social audit of their operations.

- **Cooperation of Group companies**

The Company shall cooperate with other Group companies by sharing physical, human and management resources as long as this does not adversely affect its business interests and shareholder value.

In the procurement of products and services, the Company shall give preference to another Group company as long as it can provide these on competitive terms relative to third parties.

- **Public representation of the Company and the group**

The Company and its Officers honour the information requirements of the public and the stakeholders of the Company. In all its public appearance with respect to disclosing Company and business information to public constituencies such as the media, the financial community, employees and shareholders, the Company or the Group shall be represented only by specifically authorized directors and employees. It will be the sole responsibility of these authorized representatives to disclose information on the Company.

- **Third-party representation**

Parties which have business dealings with the Group but are not members of the Group, such as consultants, agents, sales representatives, distributors, contractors, suppliers, etc. shall not be authorized to represent the Company if their business conduct and ethics are known to be

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inconsistent with this Code.

- **Use of the Company brand**

The use of the Company name and trademark owned by the Company shall be governed by manuals, codes and agreements to be issued by the Company. The use of the Company brand is defined in and regulated by the Company Brand Equity & Business Promotion Agreement.

- **Ethical conduct**

Every Officer of the Company, which shall include its Directors, Executive and Non Executive Directors, Manager, Managing Director, Whole-time Director, Members of Corporate Advisory Board, CFO, COOs and CCO shall deal on behalf of the Company with professionalism, honesty and integrity, as well as high moral and ethical standards. Such conduct shall be fair and transparent and be perceived to be as such by third parties. Corruption, bribery, extortion and other unethical practices whether in dealing with public officials or individuals in the private sector shall not be tolerated.

No employee including key managerial personnel or director or promoter of the Company shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

Every employee shall be responsible for the implementation of and compliance with this code in his professional environment. Failure to adhere to the code could attract the most severe consequences, including termination of employment or directorship, as the case may be.

- **Legal Compliances**

The Officers shall comply with all applicable government laws, rules and regulations. The employees and directors shall acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable themselves to recognize potential dangers. Violations of applicable governmental laws, rules and regulations may subject them to individual criminal or civil liability, as well as to disciplinary action by the Company. Such individual violations may also subject the company to civil or criminal liability or the loss of business.

- **Group policies**

The Company and its Officers shall recommend to its board of directors the adoption of policies and guidelines periodically formulated by the Company.

- **Shareholders**

The Company shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The board of directors of the Company shall duly and fairly inform its shareholders about all relevant aspects of the Company's business, and disclose such information in accordance with the respective regulations and agreements.

- **Honest & Ethical Conduct**

The Officers are expected to act in accordance with the highest standards of personal and professional integrity, honesty & ethical conduct, while working on the Company's premises, at offsite locations where the Company's business is being conducted, at Company sponsored business and social events, or at any other place where they are representing Company.

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Honest conduct is conduct that is free from fraud or deception. Ethical conduct is ethical handling of actual or apparent conflicts of interest between personal and professional relationship.

- **Regulatory compliance**

The Company, its Officers & employees shall, in his or her business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he or she operates. If the ethical & professional standards set out in the applicable laws and regulations are below that of the code, then the standards of the code shall prevail.

- **Concurrent employment**

The Officers and employees of the Company shall not, without the prior approval of the Managing Director/ Wholetime Director of the Company, accept employment or a position of responsibility (such as a consultant or a director) with any other Company, nor provide 'freelance' services to anyone. In the case of a Managing Director/ Wholetime Director, such prior approval must be obtained from the Board of Directors of the Company.

- **Corporate Opportunities**

The Officers shall not exploit for their own personal gain, opportunities that are discovered through the use of Company Property, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of directors and the Board declines to pursue such opportunity.

- **Confidentiality**

The Officers shall not disclose/reveal any facts/figures/information/trade secrets or confidential documents in written/verbal form, obtained during the course of business relationship with Company to any person(s)/authority/organization/statutory body unless required by law and/or with specific written permission of company.

- **Representation**

The Officers shall nor write/appear or represent himself to any third party unless authorized by the Company in writing.

- **Intellectual Property Rights**

All documents, processes, manuals, Literature, Systems etc. or any other intellectual property developed or created by the Officers during the association of the Officers with the company are sole property and Intellectual Property Rights of the Company.

- **Conflict of interest**

The Officers and employees of the Company shall not engage in any business, relationship or activity, which might detrimentally conflict with the interest of his company or the group. A conflict of interest, actual or potential, may arise where, directly or indirectly:

- a) An employee or an officer of the Company engages in a business, relationship or activity with anyone who is party to a transaction with his or her company;
- b) An employee or an officer is in a position to derive a personal benefit or a benefit to any of his/ her relatives by making/ influencing decisions relating to any transaction;
- c) An independent judgement of company's or group's best interest cannot be exercised

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The main areas of such actual or potential conflicts of interest would include the following:

- Financial interest of an employee or an officer of the Company or his relatives, including the holding of an investment in the subscribed share capital of any company or a share in any firm which is an actual or potential competitor, supplier, customer, distributor, joint venture or other alliance partner of the Company. (The ownership of up to 1 per cent of the subscribed share capital of a publicly held Company shall not ordinarily constitute a financial interest for this purpose).
- An employee or an officer of the Company conducting business on behalf of his/ her company, or being in a position to influence a decision with regard to his/her company's business with a supplier or customer of which his/her relative is a principal, officer or representative, resulting in a benefit to him/her or his/her relative.
- Award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative of an employee or an officer of the Company, where such an individual is in a position to influence the decision with regard to such benefits.
- Acceptance of gifts, donations, hospitality and/or entertainment beyond the customary level from existing or potential suppliers, customers or other third parties which have business dealings with the Company.

Notwithstanding that such or other instances of conflict of interest exist due to any historical reasons, adequate and full disclosure by the interested employees should be made to the Company's management. It is also incumbent upon every employee to make a full disclosure of any interest which the employee or the employee's immediate family, which would include parents, spouse and children, may have in a company or firm which is a supplier, customer, distributor of or has other business dealings with his company.

Every employee who is required to make a disclosure as mentioned above shall do so, in writing, to his or her immediate superior, who shall forward the information along with comments to the person designated for this purpose by the MD/WTD, who in turn will place it before the MD/WTD and/or the board of directors/executive committee appointed by the board and, upon a decision being taken in the matter, the employee concerned will be required to take necessary action as advised to resolve/avoid the conflict.

If an employee or an officer fails to make a disclosure as required herein, and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee or the officer, the management would take a serious view of the matter and consider suitable disciplinary action against the employee or the officer.

- **Securities transactions and confidential information**

The Officers and employees of the Company and his or her immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company or the group, which is not in the public domain and thus constitutes insider information.

The Officers and employees of the Company shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the respective company on

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which such insider information has been obtained.

Such insider information might include the following:

- Periodical financial results of the Company;
- acquisition and divestiture of businesses or business units;
- financial information such as profits, earnings and dividends;
- announcement of new product introductions or developments;
- asset revaluations;
- investment decisions/plans;
- restructuring plans;
- major supply and delivery agreements;
- raising finances;
- issue of new securities and buy back of its own shares;
- expansion/new projects;
- disposal of whole or substantial part of the Undertaking; and
- amalgamation, merger or takeover.

- **Protecting Company assets**

The assets of the Company should not be misused but employed for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers and suppliers, etc.

- **Citizenship**

The Officers and employees of the Company shall in his or her private life be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business or interests of the Company or the group and provided that the same have been appropriately disclosed by the employee or the officer and prior written approval of the Managing Director/Whole-time Director has been obtained.

If an employee or an officer fails to make a disclosure as required herein, and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee or the officer, the management would take a serious view of the matter and consider suitable disciplinary action against the employee or the officer.

- **Integrity of data furnished**

Every officer and employee of the Company shall ensure, at all times, the integrity of data or information furnished by him or her to the Company.

- **Reporting concerns**

Every officer and employee of the Company shall promptly report to the management any actual or possible violation of this code, or an event he or she becomes aware of that could affect the business or reputation of his/her or any other Group company.
